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WILLIAM T FUJIOKA
Chief Executive Officer

September 15, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains pursuits of County positions on legislation regarding the extension of Medi-Cal benefits for youth awaiting adjudication in county juvenile detention facilities and health care coverage for behavior health treatment for individuals with autism; and a report on County-interest legislation related to redevelopment.

Pursuit of County Position on Legislation

SB 695 (Hancock), which as amended on September 2, 2011, would extend Medi-Cal benefits to youth awaiting adjudication in county juvenile detention facilities.

Under current law, youth detained in juvenile detention facilities are not eligible for Medi-Cal benefits. If a youth is eligible for Medi-Cal benefits, at the time he or she is detained in a county juvenile facility, Medi-Cal eligibility is suspended. During the period the youth is incarcerated, counties are responsible for providing medical care at their expense. The county probation department is required to notify the welfare department of the detention so that Medi-Cal eligibility can be suspended and again when the youth is released so that the suspension may be lifted.

SB 695 would allow counties to receive Medi-Cal reimbursement for providing Medi-Cal services to youth awaiting adjudication in county juvenile detention facilities if the individual is currently receiving Medi-Cal benefits or determined to be eligible for Medi-Cal benefits upon entering the facility. Counties, who choose to participate, would be required match the State's share of Medi-Cal expenditures to draw down Federal Medicaid funds.

According to the Probation Department, approximately 10,000 pre-adjudicated youth are detained annually in county juvenile facilities, 40 to 50 percent of whom receive Medi-Cal benefits. It is not clear how many of the remaining pre-adjudicated youth would be eligible for Medi-Cal. Since the majority of youth are not detained past adjudication, the County would save a significant portion of the administrative costs of suspending and reinstating the Medi-Cal eligibility for these individuals, in addition to savings achieved by receiving Medi-Cal reimbursement for health care services provided to detained youth. This measure would also help counties reduce the amount they already spend, by almost half, by substituting Federal funds for county dollars.

The Department of Public Social Services (DPSS) notes that maintaining Medi-Cal eligibility for juveniles entering a detention facility would be seamless to the youth and would not likely increase Medi-Cal eligibility staff workload. DPSS may incur some additional workload to determine Medi-Cal eligibility for youth currently not receiving benefits upon entering a juvenile detention facility.

The Departments of Public Social Services and Probation, and this office support SB 695. Therefore, consistent with existing board policy to support proposals that reduce the number of uninsured persons, and expand Medi-Cal coverage to low-income persons such as juveniles within the County probation system, **the Sacramento advocates will support SB 695 and request Governor Brown to sign this measure.**

This bill is similar to County-supported, SB 1091 (Hancock) of 2010, which was vetoed by Governor Schwarzenegger in August of 2010. In his veto message, the Governor stated that SB 1091 would expose the State to potentially significant costs and noted that if the author wishes to craft workable legislation that allows for additional Federal funds, but also adheres to Federal Medicaid law and regulations, DHCS would be willing to assist in that effort next year.

SB 695 is sponsored by Alameda County, California Alliance of Child and Family Services, California Council of Community Mental Health and is supported by the California State Association of Counties, California Probation, Parole, and Correctional Association, Urban Counties Caucus, California Welfare Director's Association, and County Health Executives Association of California, among others. The measure is opposed by the California Department of Finance.

SB 695 passed the Senate Floor by a vote of 39 to 0 on September 9, 2011. This measure now proceeds to the Governor.

SB 946 (Steinberg and Evans), which as amended on September 9, 2011, would require health care service plan contracts and health insurance policies to provide coverage for behavioral health treatment of autism.

Current mental health parity law requires coverage for diagnosis and medically necessary treatment of severe mental illness, autism, and pervasive developmental disorders.

SB 946 would require health care service plan contracts and health insurance policies to provide coverage for behavioral treatment and other prescribed intervention therapies for individuals with autism. The measure also would define the scope of treatment and expand the definition of qualified autism service providers to include a person, entity or group that is nationally certified by an entity such as, but not limited to, the Behavioral Analyst Certification Board accredited by the National Commission for Certifying Agencies. These requirements would not apply to specialized health care service plans or insurance policies that do not deliver mental or behavioral health services and health plans or insurers that contract with the State's Medi-Cal and Healthy Families Programs, and the California Public Employees' Retirement System.

Provisions of this measure would become effective on July 1, 2012 and sunset on July 1, 2014 upon implementation of the Federal Patient Protection and Affordable Care Act of 2010.

The Department of Health Services (DHS) indicates that it does not anticipate significant programmatic or fiscal impacts from the proposed legislation. DHS anticipates substantial benefit to early detection and treatment of autism spectrum disorders, particularly in areas such as speech therapy and other related treatments that can produce positive health outcomes.

The Department of Mental Health (DMH) indicates that autism spectrum disorder is an excluded diagnosis from the Medi-Cal program; therefore, the department does not treat this disorder. Currently, regional centers provide services for individuals with this diagnosis. According to DMH, enactment of the proposed legislation would have no effect on the department at this time. However, when Federal Health Care Reform is fully implemented in 2014, DMH would need to conduct a comprehensive analysis to determine potential County impact.

The Chief Executive Office (CEO) Compensation and Benefits Branch indicates that SB 946 would expand coverage by mandating universal screening of all children regardless of risk for pervasive developmental disorders or autism, and mandate new treatments not required under current law. For the Choices and Options plans, there would be no immediate impact; however, for the Flex and MegaFlex plans, which cover approximately 12 percent of the county workforce, additional costs could be approximately $300,000 per year for the County.

This office recommends a support position on SB 946. Therefore, consistent with your Board action of April 19, 2011 instructing the Chief Executive Office to advocate for legislation to require health care service plan contracts and health insurance policies to provide coverage for the screening, diagnosis and treatment of autism spectrum disorders, **the Sacramento advocates will support SB 946 and request Governor Brown to sign this measure.**

SB 946 is similar to County-supported SB 770 and SB 166, both authored by Senator Steinberg, and AB 171 (Beall) all of 2011. SB 770 and AB 171 were placed on the Assembly appropriations Committee suspense file. SB 166 was held in the Senate Health Committee.

SB 946 is sponsored by the Alliance of California Autism Organizations, Autism Speaks, Special Needs Network, and the Help Group, and supported by the Association of Regional Center Agencies. This measure is opposed by the California Association of Health Plans.

SB 946 passed the Assembly Floor by a vote of 52 to 12 and the Senate Floor by a vote of 25 to 4 on September 9, 2011. This measure is now proceeds to the Governor.

Legislation of County Interest – Redevelopment Clean-Up Legislation

ABX1 26 (Chapter 5, Statutes of 2011) and ABX1 27 (Chapter 6, Statutes of 2011), enacted the FY 2011-12 two-bill redevelopment trailer bill package, which eliminates Redevelopment Agencies (RDAs) unless cities and counties elect to participate in the Alternative Voluntary Redevelopment Program to achieve $1.7 billion in State General Fund savings in FY 2011-12. After passage of the redevelopment trailer bill package, certain technical issues necessary for the proper implementation of this legislation were identified. In addition, the California Supreme Court has issued an order staying the implementation of some provisions of these measures and pending a final court decision scheduled by January 15, 2012, RDAs are not subject to dissolution if they choose not to participate in the Alternative Voluntary Redevelopment Program.

The following redevelopment clean-up legislation has been introduced to address specific technical aspects of ABX1 26 and ABX1 27 and to clarify the operation of provisions that relate to the California Supreme Court stay.

SBX1 8 (Senate Budget and Fiscal Review Committee), which as amended on September 2, 2011, would among other provisions: 1) maintain the major elements of the redevelopment trailer bill package to achieve the $1.7 billion State Budget solution; 2) provide additional flexibility to RDAs, cities and counties to make annual remittance payments; and 3) make technical changes.

The following is a summary of the key changes included in the bill:

- Allows RDAs an additional five years to repay the Low and Moderate Income Housing (LMIH) fund if borrowed to make the required payments into the Supplemental Educational Revenue Augmentation Fund (SERAF), if the RDA holds a noticed public hearing and finds that there is insufficient other money to accomplish currently planned activities and investments.

- Provides an exception that would allow RDAs to amend agreements with a third party credit provider that were entered into in connection with any bond issuance prior to January 1, 2011 in order to delay or avoid reimbursement obligations that are immediately due or payable over a shorter time than the scheduled amortization schedule for the bonds.

- Clarifies the restrictions on increasing pay, providing bonuses to employees and increasing staff to explain that RDAs must comply with under an existing memorandum of understanding, and may pay an employee the appropriate established compensation that has been reassigned or promoted to fulfill an existing vacancy.

- Provides that a loan from a city or county to a RDA that is made in connection with a specific project area is an enforceable obligation that must be repaid to the city or county so long as the loan was made within two years of the creation of the project area.

- Provides that if the city or county that authorized the creation of an RDA elects to retain the responsibility for performing housing functions previously performed by the RDA, any unencumbered fund balance shall be held in the LMIH fund and expended according to provisions of Community Redevelopment Law relating to the LMIH fund. Where there is no local housing authority in the territorial jurisdiction of the former RDA or where the city or county does not elect to retain the responsibility for performing housing functions, any amounts in the LMIH fund would be transferred to the California Department of Housing and Community Development.

- Allows a city or county to appeal the calculation of the remittance repayment to the county auditor-controller if the RDA received tax increment from a redevelopment plan in FY 2008-09, but prior to FY 2012-13 the RDA ceased receiving tax increment from that redevelopment plan.

- Allows an RDA two additional years to shift funds to a city or county for the FY 2011-12 remittance repayment. The city or county would still remit the full payment amount to the county auditor-controller in FY 2011-12.

The Chief Executive Office Operations Cluster and County Counsel indicate that they do not foresee any potentially significant impacts on the County from the provisions in SBX1 8. As previously reported, the CEO Operations Cluster indicates that there are currently 71 RDAs operating 315 redevelopment project areas within the County. The CEO Operations Cluster estimates that the County represents 25 percent of the statewide RDAs and the County's General Fund current share of property tax revenue is approximately 29 to 40 percent. The County's current loss to community redevelopment agencies (net of pass-through payments) is approximately $530.8 million, including $452.7 million to the County General Fund; $51.3 million to the Fire District; $18.3 million to Flood Districts; and $8.5 million to the Public Library District.

In general, the diversion of tax increment from RDAs to the local taxing entities should RDAs dissolve according to ABX1 26 would benefit the County General Fund, Fire, Flood and Public Library Districts. According to the CEO Operations Cluster and County Counsel, should RDAs continue in existence under ABX1 27, the County would not benefit, and could even be harmed if RDAs are successful in seeking project extensions.

The Community Development Commission (CDC) indicates that SBX1 8 would not have a significant impact on the department. As previously reported, ABX1 26 enacted the framework to dissolve RDAs and ABX1 27 created the Alternative Voluntary Redevelopment Program, which allows an RDA to continue to exist and carry out redevelopment activities if the city or county elects to participate in the program and makes voluntary payments to the county auditor-controller primarily to fund schools.

On August 23, 2011, your Board approved a motion to: 1) authorize the Executive Director of the CDC or his designee to take any and all steps necessary to execute an agreement with the County of Los Angeles and to transfer tax increment funds included in the CDC's FY 2011-12 budget and future years annual budgets to the County in accordance with and in the amounts prescribed by ABX1 27; and 2) adopt the Enforceable Obligation Schedule in order to satisfy the requirements of ABX1 26. Should the legal challenges to the constitutionality of ABX1 26 and ABX1 27 prove successful, the County and the CDC may act to suspend payments required under ABX1 27.

SBX1 8 passed the Senate Floor by a vote of 30 to 8 on September 8, 2011. This measure now proceeds to the Governor.

We will continue to keep you advised.

WTF:RA
MR:VE:LY:er

c: All Department Heads
Legislative Advocate
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Association
Buddy Program Participants